

Alternative Investment Group Services, LP

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57-30-04

August 20, 2004

Jonathon G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549-0609



RE: File No. 57-30-04 Registration under the Advisers Act of Certain Hedge Fund Advisors

Alternative Investment Group Services, L.P. is pleased to comment on proposed Rules 203(b)(3)-2 and 206(4)-2 to the Investment Advisers Act of 1940. We have been registered under the Act as an investment adviser since 1997.

AIGS is the adviser to four funds of hedge funds with assets totaling approximately \$900 million. We currently invest through 43 hedge fund advisers based in the United States and London, of which approximately half are registered under the Act.

We believe the hedge fund industry provides a benefit to capital markets by providing liquidity to buyers and sellers and causing prices to equilibrate more quickly than would otherwise be the case. We believe short selling activity by hedge funds, on balance, benefits investors by reducing the extent to which stocks become overpriced and thereby reduces the harm to investors of corporate frauds and other harmful behavior. In many cases, hedge fund advisers are highly experienced veterans of the investment industry and can play an especially important role in early detection of corporate governance abuses.

Registration

We believe proposed Rule 203(b)(3)-2 will strengthen the industry by mandating higher standards for all advisers to substantial hedge funds. While we appreciate that staffing shortages at the SEC may for some time make it difficult to conduct tight surveillance of the hedge fund managers that would be required to register, all managers will realize they are not only legally more at risk, but also more likely to receive SEC scrutiny. We believe many managers will therefore tighten their procedures toward a greater "culture of compliance," to the ultimate benefit of investors. We believe the compliance costs will be minimal to a well-managed advisor.

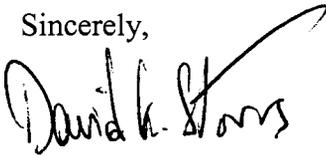
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Custody

We also appreciate and support proposed Rule 206(4)-2, which provides a 180-day limit for the provision of financial statements by funds of funds advised by registered investment advisors. While it should be easily feasible for funds to provide their financial statements within 120 days, it takes additional time for funds of funds to aggregate the financial statements of their portfolio funds. It is therefore reasonable to give funds of funds additional time to provide their own financial statements to investors.

We welcome this opportunity to comment and support enactment of both of these provisions in the near term.

Sincerely,

A handwritten signature in black ink that reads "David K. Storrs". The signature is written in a cursive style with a long, sweeping flourish at the end.

David K. Storrs
General Partner
Alternative Investment Group Services, L.P.